



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



THOMAS D. WATKINS, JR.  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

## MEMORANDUM

**TO:** State Board of Education

**FROM:** Thomas D. Watkins, Jr., Chairman

**DATE:** April 9, 2003

**SUBJECT:** Report on Financial Status of Michigan Deficit School Districts for  
2001-2002 (Report to Legislature Under Section 102 of the State School Aid Act)

An analysis of 2001-2002 (FY2002) fiscal data has been completed, identifying school districts that ended the year in a deficit position. The analysis is conducted using data collected on the annual comprehensive financial report ("Form B"), which is filed by the districts and from financial audit reports prepared by Certified Public Accountants. Both reports are due to the Department in November following the end of the fiscal year and analysis of the data is usually completed by early February. The superintendents of those districts determined to be in a deficit situation are contacted, and meetings between Department staff and school administrators and/or local school board members are arranged, when necessary, to review their deficit elimination plans in detail.

For the school fiscal year that ended June 30, 2002, there were 11 districts (nine traditional school districts and two public school academies) with operating deficits compared to a total of 18 as of June 30, 2001.

Of the 18 districts that ended FY2001 in deficit, nine successfully eliminated the deficit by the end of FY2002. In addition, one Public School Academy, Newland Academy, ceased to operate. These districts are identified on Attachment B. The remaining eight districts plus three additional districts comprise the 11 districts that ended FY2002 in deficit. Attachment A lists the 11 districts and the basic financial details of their fiscal situation and indicates their general status with regard to changes in their financial situation between June 30, 2001, and June 30, 2002.

**In summary:**

three districts that both began and ended FY2002 in deficit were successful in reducing the deficit to the level indicated in their plan (Category "A" on Attachment A);

two districts that both began and ended FY2002 in deficit reduced the deficit but not to the extent contained in their plan (Category "B");

three districts began FY2002 in deficit and ended the year with a greater deficit (Category "C"); and

three districts began FY2002 with a positive fund balance but incurred a deficit during the year (Category "D").

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**Michigan Public Schools with Deficits  
For Fiscal Year Ending June 30, 2001  
and Projections for Fiscal Year 2002**

**Attachment A**

ISD/School Name	Category	General Fund Revenues	Deficit 06/30/02	% Deficit is of Revenues	Projected GF Revenues 2003	Projected Surplus/Deficit 2003	% Fund Balance is of Revenues
<b>Calhoun</b> <b>Marshall Public Schools</b>	<b>A</b>	<b>\$18,608,838</b>	<b>-\$95,371</b>	<b>-0.51%</b>	<b>\$18,903,798</b>	<b>\$200,444</b>	<b>1%</b>
<b>Genesee</b> <b>Beecher Community School</b>		<b>\$22,899,232</b>	<b>-\$244,510</b>	<b>-1.07%</b>	<b>\$23,648,921</b>	<b>\$299,555</b>	<b>1%</b>
<b>Gogebic-Ontonagon</b> <b>Ironwood Area Schools</b>	<b>B</b>	<b>\$9,761,525</b>	<b>-\$225,236</b>	<b>-2.31%</b>	<b>\$9,884,875</b>	<b>-\$32,912</b>	<b>0%</b>
<b>White Pine Public Schools</b>	<b>C</b>	<b>\$1,059,347</b>	<b>-\$358,893</b>	<b>-33.88%</b>	<b>\$965,789</b>	<b>-\$352,893</b>	<b>-37%</b>
<b>Copper Country</b> <b>Dollar Bay-Tamarack City Area Sch.</b>	<b>A</b>	<b>\$2,220,080</b>	<b>-\$64,271</b>	<b>-2.89%</b>	<b>\$2,034,275</b>	<b>\$70,587</b>	<b>-3%</b>
<b>Ingham</b> <b>Walter French Academy</b>	<b>C</b>	<b>\$5,050,726</b>	<b>-\$650,414</b>	<b>-12.88%</b>	<b>\$4,398,600</b>	<b>-\$597,847</b>	<b>-14%</b>
<b>Macomb</b> <b>New Haven Community School</b>	<b>D</b>	<b>\$11,113,915</b>	<b>-\$39,325</b>	<b>-0.35%</b>	<b>\$9,301,664</b>	<b>-\$303,667</b>	<b>3%</b>
<b>Oakland</b> <b>Madison Public Schools</b>	<b>A</b>	<b>\$15,775,219</b>	<b>-\$949,643</b>	<b>-6.02%</b>	<b>\$16,689,979</b>	<b>-\$940,755</b>	<b>-6%</b>
<b>Wayne</b> <b>Garden City</b>	<b>D</b>	<b>\$41,034,376</b>	<b>\$255,818</b>	<b>-0.62%</b>	<b>\$41,629,160</b>	<b>\$16,784</b>	<b>0%</b>
<b>Redford Union</b>	<b>B</b>	<b>\$34,518,941</b>	<b>\$571,645</b>	<b>-1.66%</b>	<b>\$35,277,391</b>	<b>\$208,122</b>	<b>1%</b>
<b>Michigan Construction Trades</b>	<b>D</b>	<b>\$1,887,396</b>	<b>\$545,124</b>	<b>-28.88%</b>			<b>N/A</b>

**Michigan Public Schools  
with Deficits at June 30, 2000  
and Positive Fund Balances at June 30, 2001**

**Attachment B**

<u>School District/Academy</u>	<u>Fund Balance as of 6/30/2001</u>	<u>Fund Balance as of 6/30/2002</u>
North Dickinson County	-\$119,094	\$169,595
Ewen Trout Creek	-\$175,409	\$103,489
Sankofa Shule	-\$71,574	\$72,181
Grand Rapids Discovery	-\$6,016	\$14,381
East Detroit	-\$1,593,689	\$3,155,010
Newland Academy of Arts and Science	-\$32,925	Closed
Freesoil Community	-\$112,168	\$83,054
Pontiac Academy of Excellence	-\$58,008	\$66,374
Advanced Technology Academy	-\$63,672	\$13,201
Marilyn Lundy Academy	-\$156,467	\$6,501